

Message Text

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ORIGIN COME-00

INFO OCT-01 EUR-12 ISO-00 EB-08 TRSE-00 AID-05 CIAE-00
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DRAFTED BY COM: OIFI:FBP:MARTIN BERGER

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TREAS;RY/MFEINBERG

ICC/JCHANNING

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-----047431 101912Z /40

R 100129Z SEP 77

FM SECSTATE WASHDC

TO AMCONSUL STUTTGART

UNCLAS STATE 217103

E.O. 11652:N/A

TAGS: BTIO, GW

SUBJECT: REVERSE INVESTMENT OPPORTUNITY: WAHL TOURISTIC

REF: STUTTGART 1150 AND 1423

FOLLOWING REPLIES TO QUESTIONS IN REFTEL ARE BASED ON INFORMATION OBTAINED FROM INTERSTATE COMMERCE COMMISSION (ICC) AND INTERNAL REVENUE SERVICE (IRS). WAHL CAN OBTAIN A PERTINENT RULING APPLICABLE TO ITS CASE FROM EACH AGENCY BY SUBMITTING COMPLETE DETAILS TO COMMISSIONER OF INTERNAL REVENUE, WASHINGTON, D.C. 20224 AND ASSISTANT DIRECTOR, BUREAU OF OPERATIONS, INTERSTATE COMMERCE COMMISSION, WASHINGTON, D.C. 20423.

RE QUESTION A - ARE THERE LEGAL OR OTHER OBSTACLES FOR A
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U.S. FIRM REGISTERING AND OPERATING BUSES LEASED FROM GERMAN FIRM? ANSWER - NO, IF BUSES MEET U.S. OPERATING STANDARDS. IF THE ARRANGEMENT INVOLVES MORE THAN LEASING, SUCH AS A PARTNERSHIP OR JOINT VENTURE, THEN FURTHER DETAILS OF OPERATION WOULD BE NEEDED FOR A DEFINITE ANSWER. ALSO, THE LESSOR GERMAN FIRM WHICH IS MARKETING TOURS IN THE U.S. MAY NEED A BROKERS LICENSE FROM ICC DEPENDING UPON

HOW IT CONDUCTS ITS ACTIVITIES IN THE U.S.

RE QUESTION B. WOULD GERMAN FIRM BE LIABLE FOR ANNUAL BALANCE SHEET OR OTHER FINANCIAL STATEMENTS UNDER THE INCOME TAX TREATY WITH GERMANY? ANSWER- A GERMAN FIRM HAVING NO PERMANENT ESTABLISHMENT IN THE UNITED STATES IS NOT SUBJECT TO U.S. INCOME TAXES ON ITS INDUSTRIAL AND COMMERCIAL PROFITS. (SEE ARTICLE II (C) OF U.S. GERMAN DOUBLE TAXATION PREVENTION TREATY, AS AMENDED TIAS 5920). NOR WOULD THE GERMAN FIRM BE SUBJECT TO U.S. INCOME TAX ON PAYMENTS RECEIVED FOR THE USE OF EQUIPMENT IN THE U.S. TO THE EXTENT THAT SUCH PAYMENT DID NOT EXCEED THOSE WHICH WOULD BE AGREED UPON IN AN ARMS LENGTH RELATIONSHIP (SEE ARTICLE VII OF TREATY AS AMENDED, TIAS 5920. TO AVOID WITHHOLDING OF INCOME TAX AT THE SOURCE OF PAYMENT, WHERE THE TREATY PROVIDES FOR EXEMPTION FROM INCOME TAX, THE GERMAN RECIPIENT SHOULD FILE WITH THE LESSEE A LETTER IN DUPLICATE CLAIMING SUCH EXEMPTION. ACCORDINGLY, IF THE GERMAN FIRM HAS NO PERMANENT ESTABLISHMENT IN THE UNITED STATES AND HAS ONLY LEASING INCOME FROM THE USE OF ITS INDUSTRIAL AND COMMERCIAL PROPERTY, IT DOES NOT HAVE TO FILE ANY BALANCE SHEET OR OTHER OPERATING STATEMENTS OF INCOME WITH THE IRS. VANCE

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Control Number: n/a
Copy: SINGLE
Sent Date: 10-Sep-1977 12:00:00 am
Decapton Date: 01-Jan-1960 12:00:00 am
Decapton Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: OIFI:FBP:MARTIN BERGER
Enclosure: n/a
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Expiration:
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Format: TEL
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ISecure: 1
Legacy Key: link1977/newtext/t19770977/aaaacfn.tel
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SAS ID: 1317730
Secure: OPEN
Status: NATIVE
Subject: REVERSE INVESTMENT OPPORTUNITY: WAHL TOURISTIC
TAGS: BTIO, GE
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